



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 2, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: *David E. Janssen*
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

POLICY REGARDING PROOF OF PAYMENT TO CONTRACT EMPLOYEES INVOLVED IN A LIVING WAGE VIOLATION

At the Board meeting of June 8, 2004, Supervisor Molina raised concerns regarding Agenda Item No. 14, relating to termination of the contract with Star Building Maintenance, Inc. for beach restroom cleaning. The termination was recommended because of repeated performance deficiencies and failure to pay employees in compliance with the County's Living Wage Ordinance (LWO). Specifically, Supervisor Molina requested that County Counsel and the Auditor-Controller develop a policy that defines what the County considers sufficient proof that a contractor has cured underpayment of its employees as a result of the LWO violation before the County releases the contractor any withheld payments due to such a violation.

The Chief Administrative Office (CAO) is responsible for issuing policy directives related to the LWO. Thus, this office, in collaboration with involved departments, is providing the response to your Board's request. The Auditor-Controller, County Counsel, CAO, Department of Beaches and Harbors (DBH), Office of Affirmative Action Compliance (OAAC), Department of Public Works (DPW), and Internal Services Department (ISD) met on June 29, 2004 to discuss the matter and the following was agreed upon:

- Auditor-Controller will draft a policy to address LWO underpayment recovery for review by the work group;
- CAO will issue the policy as revised LWO Implementation Instructions to all County departments within 30 days;

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- DBH will utilize the policy in addressing the contract with Star Building Maintenance, Inc.; and
- CAO will proceed to schedule a debarment hearing concerning Star Building Maintenance, Inc. at the request of DBH. Under the debarment ordinance the maximum period for debarment is three (3) years.

On June 17, 2004, DBH notified Star Building Maintenance, Inc. of your Board's decision to terminate the existing restroom cleaning contract. As a result, DBH is temporarily providing beach restroom cleaning services utilizing existing staff until permanent replacements can be hired. Additionally, the staff of DBH directed Star Building Maintenance, Inc. to provide verifiable proof of payment to the impacted employees for LWO underpayments. Pursuant to the LWO contract language, the department is authorized to withhold the amount of the underpayments to employees until the Contractor has satisfied the Department that it has cured any underpayments. DBH will only release funds to the contractor upon proof that it has cured the underpayments in accordance with the policy being developed by the work group.

Please call me if you have any questions. If you have any questions regarding the Star Building Maintenance, Inc. contract, your staff may contact Santos H. Kreimann of DBH at (310) 305-9544. Any questions regarding the development of the LWO policy should be directed to Martin Zimmerman of the CAO at (213) 974-1326.

DEJ:MKZ
DSP:os

c: Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Director of Affirmative Action Compliance
Director of Beaches and Harbors
Director of Public Works
Interim Director of Internal Services